

AR68



food

loblaw companies limited
2001 annual report

and beyond

CORPORATE PROFILE Loblaw Companies Limited ("Loblaw") is Canada's largest food distributor, with operations across the country. Loblaw strives to provide superior returns to its shareholders through a combination of share price appreciation and dividends. To this end, it follows certain fundamental operating principles. It concentrates on food retailing with the objective of providing consumers with the best in one-stop shopping for everyday household needs. It maintains a significant program of reinvestment in and expansion of its existing markets. It is highly selective in acquisitions and continues to invest in products and technology. Loblaw seeks long term, stable growth, taking managed operating risks from a strong balance sheet position.

Loblaw is one of the largest private employers in Canada with over 119,000 employees throughout the business, and has a responsibility to provide fair wages and secure employment. Loblaw believes this responsibility can best be met in a stable, low cost operating environment in which everyone associated with Loblaw accepts the need to continuously improve our ability to serve our customers.

basic net
earnings
per common share

\$2.04

return on average
common
shareholders' equity

16.8%

return on \$100
invested
five years ago (2)

\$377

The photography in this Annual Report reflects our national presence in markets from coast to coast. Locations photographed were: Loblaw's stores in Etobicoke, Ontario and Markham, Ontario; Maxi store in Rivière-du-Loup, Quebec; The Real Canadian Superstore in Coquitlam, British Columbia; and the Maple Grove Distribution Centre in Cambridge, Ontario.

Financial Highlights (1)

52 Weeks Ended December 29, 2001 (\$ millions)

2001

2000

SALES AND EARNINGS

Sales	\$ 21,486	\$ 20,121
Trading profit (EBITDA)	1,451	1,259
Operating income	1,136	976
Interest expense	158	143
Net earnings	563	473

CASH FLOW

Cash flows from operating activities before acquisition restructuring and other charges	875	846
Capital investment	1,108	943

PER COMMON SHARE (\$)

Basic net earnings	2.04	1.71
Basic net earnings before goodwill charges	2.20	1.87
Dividend rate (period end)	.40	.40
Cash flows from operating activities before acquisition restructuring and other charges	3.17	3.07
Book value	12.92	11.31
Market value (period end)	51.85	50.50

FINANCIAL RATIOS

Returns on sales		
Trading profit (EBITDA)	6.8%	6.3%
Operating income	5.3%	4.9%
Net earnings	2.6%	2.4%
Return on average total assets	13.4%	12.8%
Return on average common shareholders' equity	16.8%	15.7%
Interest coverage on total debt	7.2:1	6.8:1
Total debt to shareholders' equity	.76:1	.71:1

(1) Financial terms and ratios used here are defined as follows. For other financial definitions refer to page 48.

Trading profit (EBITDA) – operating income before depreciation.

Dividend rate per common share (period end) – 4th quarter common dividends declared multiplied by 4.

Cash flows from operating activities before acquisition restructuring and other charges per common share – cash flows from operating activities before acquisition restructuring and other charges divided by the weighted average common shares outstanding at period end.

Book value per common share – shareholders' equity divided by the common shares outstanding at period end.

Trading profit (EBITDA) return on sales – trading profit (EBITDA) divided by sales.

Operating income return on sales – operating income divided by sales.

Net earnings return on sales – net earnings divided by sales.

Return on average total assets – operating income divided by average total assets excluding cash, cash equivalents and short term investments.

Return on average common shareholders' equity – net earnings divided by average shareholders' equity.

Interest coverage on total debt – operating income divided by interest expense.

Total debt to shareholders' equity – bank indebtedness, commercial paper, long term debt due within one year and long term debt less cash, cash equivalents and short term investments divided by shareholders' equity.

(2) Includes dividend reinvestment.

Loblaw strives to exceed our customers' expectations with every product and service offered. We will continue to selectively expand our product and service offerings, while increasing our customer loyalty and building upon our reputation and strength as an innovative food retailer, through innovation, diversity and choice, offerings for all lifestyles – a shopping experience beyond food.

We are pleased to report that Loblaw Companies completed another highly successful year. Sales increased 7% or \$1.4 billion to \$21.5 billion, with growth in every banner and region across Canada. Operating income increased 16% or \$160 million, to \$1.1 billion, while basic net earnings per share grew from \$1.71 to \$2.04, a 19% increase.



W. Galen Weston
Chairman



John A. Lederer
President

During the year, 61 new stores were opened across Canada adding approximately 2 million square feet of new retail footage (net of closures) to the business in addition to over 2 million added last year. Same-store sales, as measured on the most conservative basis (that being stores that have been in operation at a particular location for over 1 year with no major expansion), improved by 4% during the year – a very solid result by industry standards. Our successful \$1.1 billion annual capital investment program continues to provide new store growth, generating strong sales from the time of store openings, with earnings contribution typically within the first few quarters of operation. It also meaningfully strengthened our overall market position.

IN THE ATLANTIC CANADA REGION, OUR BUSINESS, LED BY THE ATLANTIC SUPERSTORE ON THE MAINLAND AND DOMINION IN NEWFOUNDLAND, IMPROVED ITS MARKET POSITION FOR THE 8TH STRAIGHT YEAR, marking a successful refocus of that business from a second position food wholesaler to a leading food retailer in the region. Superstores are driving the growth in the larger Atlantic markets, supported by the now mostly franchised SaveEasy banner in smaller communities.

OUR QUEBEC OPERATION CELEBRATED ITS MOST SUCCESSFUL YEAR EVER WITH A MOVE TO A NEW OFFICE BUILDING IN THE ST-LAURENT DISTRICT OF MONTREAL. Plans to rejuvenate the Provigo business Loblaw purchased in late 1998 commenced in earnest in 2001. The first 2 years were focused on modifying and streamlining the operations, identifying and realizing operating and administrative synergies and defining plans for revitalizing the store asset base. In 2001, banner direction and strategies were determined and real estate construction commenced in full force, with a comprehensive agenda of new stores, renovations of existing stores and some conversions of stores from one banner to another. The annual capital investment plans supporting the Provigo, Maxi and Loblaws banners will be at the \$300 million level for the foreseeable future. Loblaw has always operated on a store-by-store and market-by-market basis to maximize profitability by store and market; the Quebec business is now undergoing that same scrutiny and refinement.

THE ONTARIO BUSINESS CONTINUES TO MOVE FROM STRENGTH TO STRENGTH. Enlarged stores, of sufficient size to accommodate an expanded array of non-food products, are taking us into the future of one-stop shopping for our customers in Eastern Canada. The first of these stores successfully opened under the Loblaws banner in Markham and London, and under the Zehrs banner in Guelph. They now offer bed and bath assortments, small kitchen appliances, cookware, utensils, limited electronics and more. The core of our business is and always will be ensuring an ever-improving food offering, and this remains our focus as we expand our presence in other departments to meet the changing needs of our customers. The drive for operational excellence and efficiency continues to be part of our everyday business, and the Ontario banners have made excellent progress in that area.

IN THE WEST, DAVID JEFFS ASSUMED THE POSITION OF PRESIDENT OF OUR WESTERN CANADIAN OPERATIONS FROM RETIRING SERGE DARKAZANLI, AND COMPLETED A VERY SUCCESSFUL YEAR WITH RECORD SALES AND EARNINGS GROWTH. Leading with our discount Real Canadian Superstore banner, a one-stop shopping format that focuses on providing the lowest prices for quality foods and everyday household needs, we have enlarged our market presence and entered new markets, from northwestern Ontario to British Columbia.

operational directory includes age and years of service

JOHN A. LEDERER (46 and 25 years)
President

DAVID R. JEFFS (44 and 23 years)
Western Operations

EXTRA FOODS

Fred Freeman (59 and 40 years)

INDEPENDENT PROGRAMS:

**SUPERVALU, SHOP EASY FOODS,
LUCKY DOLLAR FOODS**

Jim Courtney (49 and 22 years)

**THE REAL CANADIAN SUPERSTORE,
THE REAL CANADIAN WHOLESALE CLUB**

Tom Fraser (61 and 42 years)

WHOLESALE OPERATIONS

Doug Cathro (50 and 31 years)

ATLANTIC CANADA

Paul Ormsby (50 and 19 years)

DOMINION

(IN NEWFOUNDLAND AND LABRADOR)

Brad Weston (59 and 41 years)

FORTINOS

Vince Scorniaenchi (43 and 29 years)

**INDEPENDENT PROGRAMS:
YOUR INDEPENDENT GROCER,
VALU-MART**

Kevin Ryan (52 and 15 years)

LOBLAWS

Deane Collinson (47 and 17 years)

NO FRILLS, CASH & CARRY

Robert Adams (41 and 18 years)

ZEHRMART

Carmen Fortino (43 and 17 years)

DISTRIBUTION OPERATIONS

Violet Konkle (48 and 8 years)

BERNARD J. MCDONELL (47 and 8 years)
Quebec Operations

**LOBLAWS, MAXI, MAXI & CO.,
PROVIGO, DISTRIBUTION GROUP**

Claude Gariépy (46 and 4 years)

LOBLAWS

Dave Mock (42 and 19 years)

MAXI, MAXI & CO.

Denis Gaudreau (46 and 2 years)

PROVIGO

Michel Coulombe (47 and 2 years)

DISTRIBUTION GROUP:

ASSOCIATED BANNERS, PRESTO

Pierre Ledoux (49 and 4 years)

DISTRIBUTION OPERATIONS

Raymond Sarrazin (51 and 7 years)

DAVID K. BRAGG (53 and 18 years)
Real Estate

PETER D. TURCOT (44 and 19 years)
Sourcing and Procurement

operational review food and beyond

OUR FUNDAMENTAL OPERATING PRINCIPLE IS TO ENSURE AN EVER-IMPROVING FOOD OFFERING, WHILE PROVIDING OUR CUSTOMERS IN EACH COMMUNITY WITH THE BEST IN ONE-STOP SHOPPING FOR EVERYDAY HOUSEHOLD NEEDS.



President's Choice Organics...

The range of our *President's Choice Organics* product line is ever growing. At every turn of our supermarket aisles, our customers are discovering meaningful and delicious organic choices — especially with household staples.

...including Fresh Produce

We want our customers to compare apples with oranges — and whatever else happens to be the pick-of-the-season in our *President's Choice Organics* fresh produce section.

Our organic fruits and vegetables are an experience in true, down-to-earth flavour.



PRESIDENT'S CHOICE ORGANICS *President's Choice* has a rich history of offering real choice and real value to our customers. During 2001, our *President's Choice* team worked hard to address recent customer demands and introduced more than 80 *President's Choice Organics* products. The *President's Choice Organics* product line is "certified organic", which means every product must strictly adhere to the holistic codes of practice required by the National Organic Standard of Canada. The primary goal of "certified organic" agriculture is to optimize the health and productivity of soil, crops and livestock in producing wholesome food choices for consumers. Our *President's Choice Organics* product line, which includes household staples like flour, juices, cereals, pasta sauce, fruit spreads and of course, fresh produce, is competitively priced and has been extremely well received. Efforts are underway to expand this product line to 300 key items by the end of 2002, to satisfy our customers' needs for variety.

MOVING BEYOND In recent years, consumers have shown an increasing preference for grocery stores that offer not only a wide variety of traditional food products, but also an expanded assortment of non-food products and specialty service areas. In order to meet these demands, the Company has developed new, enlarged store layouts of approximately 115,000 square feet in Eastern Canada that can accommodate a greater selection of non-food products and services alongside food products – the core of our business. In 2001, the first of these new store layouts opened successfully under the Loblaws banner in Markham and London, Ontario and under the Zehrs banner in Guelph, Ontario. These stores will take us into the future of one-stop shopping for our customers – with everything from bed and bath assortments to small kitchen appliances, limited electronics, cookware, utensils, cosmetics and beyond.



A Focus on Fresh and...

Our new 115,000 square foot Loblaws store in Markham, Ontario offers a unique market experience with a focus on fresh. This new design offers everything from a fitness centre with supervised childcare, a community room and, of course, all our convenient departments and services to "help you live well."

...All Your Household Needs

Our success in a wide variety of non-food departments, which were pioneered by The Real Canadian Superstores in the west, provides the Company with a solid foundation of expertise as it expands the presence of these departments to the east. Look for great value in everyday household needs such as cosmetics, kitchen products and much more.



helping you serve it up
and get the credit*

* We're always there for our customers, whether they're serving up a barbecue with the dependably delicious *President's Choice* Thick & Juicy Portobello Swiss Burgers or shopping with the *President's Choice Financial* MasterCard, both famous for delivering juicy incentives.





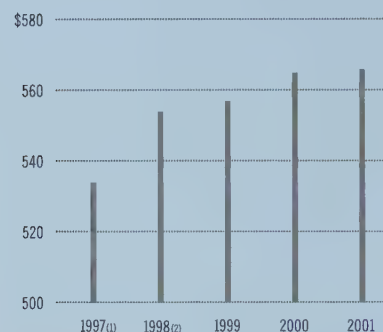
* Where else can consumers find a diversity that includes the equally fresh offerings of both our Loblaws Gardens Outdoor Living & Patio Centres and our Seafood Markets, all under one roof?

turf or surf, we've got
the ground covered *

our stores the foundation of our operations

OVER THE PAST 3 YEARS, THE COMPANY HAS INVESTED OVER \$2.8 BILLION IN STORES AND SUPPORTING INFRASTRUCTURE, RESULTING IN AN AVERAGE ANNUAL NET INCREASE IN RETAIL SQUARE FOOTAGE OF OVER 4%. OVER THE SAME PERIOD, AVERAGE CORPORATE STORE SIZE INCREASED 20%, WHILE CORPORATE STORE SALES PER SQUARE FOOT INCREASED FROM \$554 TO \$566 – A SOLID FOUNDATION FOR PROFITABLE GROWTH.

Corporate Stores
Sales per Average Square Foot
(\$)



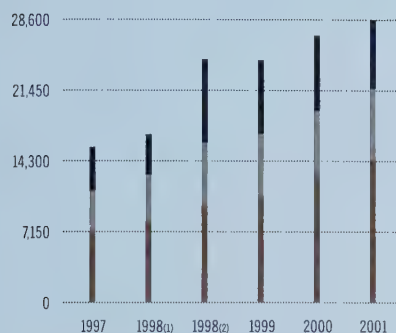
Corporate Stores
Sales per Average Square Foot

⁽¹⁾ 1997 was a 53 week year
⁽²⁾ Excluding acquisitions

	2001 Stores	2001 Sq. Ft. (in millions)	2000 Stores	2000 Sq. Ft. (in millions)
Corporate Stores				
Beginning of period	606	27.0	585	24.5
Opened	46	2.9	44	3.1
Closed	(42)	(1.4)	(41)	(1.1)
Transferred from franchised stores	5	.1	18	.5
Transferred from associated stores	2			
End of period	617	28.6	606	27.0
Average store size (in thousands)		46.4		44.6
Analysis by size:				
More than 60,000 sq. ft.	158	14.4	145	13.0
40,000 – 60,000 sq. ft.	147	7.3	130	6.4
20,000 – 39,000 sq. ft.	178	5.1	199	5.7
10,000 – 19,000 sq. ft.	115	1.7	112	1.7
Less than 10,000 sq. ft.	19	.1	20	.2
	617	28.6	606	27.0
Sales from Corporate Stores (\$ millions)	\$ 15,721		\$ 14,548	
Sales per average square foot (\$) (1)	\$ 566		\$ 565	

(1) Sales per average square foot equals sales from corporate stores divided by the average corporate store square footage at period end.

**Corporate Stores
Square Footage**
(thousands of sq. ft.)

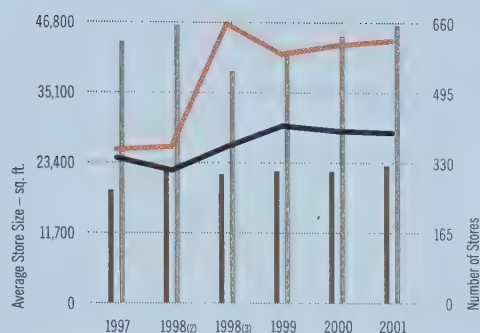


> 60,000 sq. ft.
40,000 - 60,000 sq. ft.
< 40,000 sq. ft.

⁽¹⁾ Excluding acquisitions

⁽²⁾ Including acquisitions, excluding 1999 dispositions

**Average Store Size
and Number of Stores**



Average Franchised Store Size ⁽¹⁾

Average Corporate Store Size

Number of Franchised Stores ⁽¹⁾

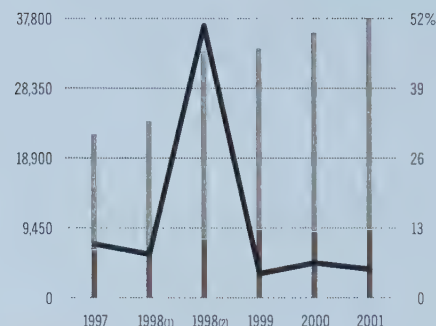
Number of Corporate Stores

⁽¹⁾ 1998 restated to align acquired stores' classification

⁽²⁾ Excluding acquisitions

⁽³⁾ Including acquisitions

**Total Square Footage
and Percentage Increase**
(thousands of sq. ft.)



Franchised

Corporate

Percentage Increase

⁽¹⁾ Excluding acquisitions

⁽²⁾ Including acquisitions

	2001 Stores	2001 Sq. Ft. (in millions)	2000 Stores	2000 Sq. Ft. (in millions)
Franchised Stores				
Beginning of period	405	8.9	417	9.2
Opened	15	.7	27	.7
Closed	(20)	(.4)	(21)	(.5)
Transferred to corporate stores	(5)	(.1)	(18)	(.5)
Transferred from associated stores and independent accounts	6	.1		
End of period	401	9.2	405	8.9
Average store size (in thousands)		22.9		22.0
Associated Stores	694		736	
Independent Accounts	7,982		8,252	
Franchises	40		42	
Sales to Independent Stores and Accounts (\$ millions)	\$ 5,765		\$ 5,573	

overview

LOBLAW COMPANIES LIMITED IS CANADA'S LARGEST FOOD DISTRIBUTOR, WITH OPERATIONS ACROSS THE COUNTRY. IT HAS SUPPLIED THE CANADIAN MARKET, AS A SUBSIDIARY OF GEORGE WESTON LIMITED, WITH INNOVATIVE PRODUCTS AND SERVICES FOR MORE THAN 45 YEARS.

Loblaw Companies Limited ("the Company") believes that to be successful in the Canadian food distribution industry it must continue to provide Canadian consumers with the best in one-stop shopping for everyday household needs. To do so, the Company employs various operating and financial strategies to minimize industry and economic risks, and to maximize its market share and operational flexibility. The Company's operating strategies include: using a multi-format approach, continually developing its brand equity through a superior control label program, enhancing its stores with non-traditional departments and services, reinvesting its cash flow in the business, and owning its real estate. The Company's financial strategies include: adhering to generally conservative accounting policies, maintaining a strong balance sheet, using financial instruments to minimize the risks and costs of its financing activities, and maintaining access to capital markets and liquidity.

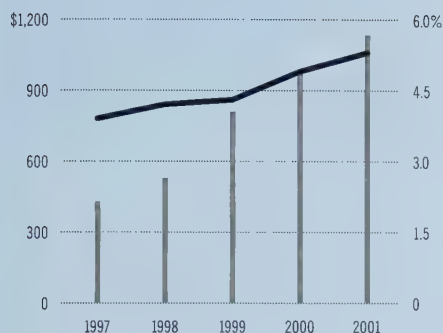
The Company believes that if it successfully implements and executes its various operating and financial strategies and programs, and continues to focus on food while serving the consumer's everyday needs, it will be well positioned to provide superior returns to its shareholders by maintaining a stable operational and financial base for sustainable long term growth.

This discussion and analysis, including the results by quarter found on page 50, should be read in conjunction with the audited consolidated financial statements and the notes that accompany them found on pages 33 to 47 of this Annual Report. Certain forward-looking statements are included in this Annual Report concerning capital investment, cost reduction and operating improvements. Such statements are subject to inherent uncertainties and risks, which include but are not limited to: general industry and regional economic conditions, supplier arrangements, pricing pressures and other competitive factors, the results of the Company's ongoing efforts to improve cost effectiveness, and the availability and terms of financing. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements.



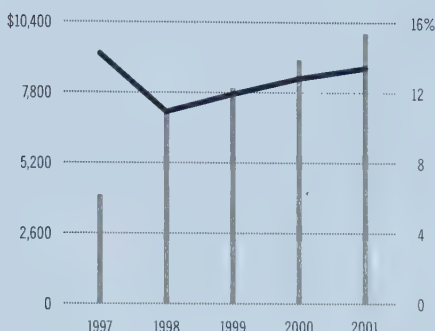
More parents are turning to our *teddy's choice* infant products for the same qualities of innovation, value and dependability that have made *President's Choice* a trusted household name.

Operating Income and
Return on Sales
(\$ millions)



Operating Income
Operating Income Return on Sales

Total Assets and
Return on Average Total Assets
(\$ millions)



Total Assets
Return on Average Total Assets

HIGHLIGHTS

19% increase in basic net earnings per common share to \$2.04.

7% sales growth to \$21.5 billion — same-store sales growth of 4%.

Operating income surpassed the \$1 billion milestone.

Continued improvement in operating margins to 5.3%.

Capital investment program of over \$1 billion focusing on new, enlarged stores across Canada.

61 new stores opened, adding approximately 2 million square feet of selling space, net of 62 store closures.

RESULTS OF OPERATIONS

SALES

The Company's sales increased \$1.37 billion, or 7%, to \$21.49 billion from \$20.12 billion in 2000. All regions across the country experienced solid sales growth with continued positive improvements in Quebec. The increase in sales, including the impact of some food price inflation early in the year principally in meat and fresh fruit and vegetables, resulted from:

- 4% same-store sales growth, some of which related to the renovation or minor expansion of 75 stores;
- a net 5% increase in retail square footage related to the opening of 61 new stores (which included major expansions of existing locations) and the closure of 62 stores; and
- a 1½% decrease related to the discontinuance in 2000 of certain non-core Cash and Carry status tobacco and Quebec food service operations.

Food price inflation was not a contributing factor in the 2000 sales growth.

In 2002, the Company plans to open, expand or remodel more than 130 corporate and franchised stores across Canada, introduce more than 500 control label products and further enhance our non-food product offering, all of which is expected to generate additional sales growth.



Home Meal Replacement in our Real Canadian Superstore provides take-out as well as an in-store sit-down area for anything from a quick coffee to a full service menu, accommodating the busy lifestyles of today.

the distribution network and other infrastructure to support store growth. The Company's continued capital investment activity benefited all banners and regions in varying degrees and strengthened the existing store base. Some of the new, larger stores replaced older, smaller, less efficient stores that did not offer the broad range of products and services demanded by today's consumer.

The 2001 corporate and franchised store capital investment program increased net square footage by 5% compared to 2000. This increase includes the impact of store openings and closures during the period. During 2001, 61 (2000 – 71) new corporate and franchised stores were opened and 75 (2000 – 66) underwent major renovation or minor expansion. New stores include major expansions to existing locations. The 61 new stores added approximately 2 million square feet of selling space (2000 – 2 million), net of 62 (2000 – 62) store closures. The 2001 average corporate store size increased 4% to 46,400 square feet (2000 – 44,600) and the average franchised store size increased 4% to 22,900 square feet (2000 – 22,000). The Company opened 3 stores in Ontario employing its new enlarged store layout of approximately 115,000 square feet, which was designed to accommodate a greater selection of non-food products. In addition to the retail store capital investment during 2001, the Company also constructed a new warehouse in Cambridge, Ontario and opened a new office building in Montreal for the Quebec operations.

The Company expects to continue its organic growth rate in 2002. Capital investment in 2002 is estimated at \$1.13 billion, which includes approximately \$109 million for projects-in-progress that the Company has effectively committed to complete. In 2002, the Company plans to open, expand or renovate more than 130 corporate and franchised stores throughout Canada in a geographic investment pattern similar to that of last year. This is expected to result in a net increase of approximately 3 million square feet, which should generate additional profitable sales growth.

Cash Flows from Operating Activities, Capital Investment and Store Activity

	2001	Change	2000
Cash flows from operating activities			
before acquisition restructuring			
and other charges (\$ millions)	\$ 875	3%	\$ 846
Capital investment (\$ millions)	\$ 1,108	17%	\$ 943
New stores opened	61	(14%)	71
Major renovations and minor expansions	75	14%	66
Total net square footage (in millions)	37.8	5%	35.9
Average store size (sq. ft.)			
Corporate	46,400	4%	44,600
Franchised	22,900	4%	22,000

CASH FLOWS FROM FINANCING ACTIVITIES

The Company obtains its short term financing through a combination of internally generated cash flow, cash, cash equivalents, short term investments, bank indebtedness and its commercial paper program. The Company's cash, cash equivalents and short term investments, as well as \$820 million in lines of credit extended by several banks, support the Company's \$1.20 billion commercial paper program.

The Company obtains its long term financing through its Medium Term Note ("MTN") program. The Company plans to refinance existing long term debt as it matures and may obtain additional long term financing for other operating uses or for strategic reasons. The Company anticipates no difficulty in obtaining long term financing in view of its current credit ratings and its past experiences in the capital markets.



Currently numbering over 125 items, our President's Choice TOO GOOD TO BE TRUE products promote a healthy lifestyle through great tasting foods made with specific nutritional ingredients.



Our 337 in-store pharmacies are the smart alternative to the traditional drugstore for health and beauty care needs, offering favourite brands at competitive prices.

Credit Ratings (Canadian Standards)

	Dominion Bond Rating Service	Standard & Poor's
Commercial paper	R-1 (low)	A-1 (mid)
Medium term notes	A (high)	A
Other notes and debentures	A (high)	A

During 2001, the Company issued the remaining \$440 million of MTN related to its 2000 shelf prospectus. During the first quarter of 2001, the Company filed another shelf prospectus to issue up to \$1.50 billion of MTN, from which it issued \$600 million in 2001. Proceeds from these MTN issues were used to repay short term commercial paper and to redeem/repay other long term debt; the proceeds also contributed to the cash position increase during the period. During 2001, \$100 million of Provigo Inc. Debentures matured, \$50 million of Series 5 Debentures were redeemed and \$100 million 7.34% MTN matured. Subsequent to period end 2001, the Company announced its intention to redeem its Series 8, \$61 million Debentures and issued \$200 million of 6.85% MTN.

During 2000, the Company issued \$760 million of MTN related to its 1999 and 2000 shelf prospectuses and redeemed its \$100 million 5.39% Notes.

During 2001, the Company purchased for cancellation 12,600 (2000 – 276,000) of its common shares for \$1 million (2000 – \$13 million) pursuant to its Normal Course Issuer Bids.

The Company expects to meet its 2002 cash requirements through funds generated from operations, its \$1.20 billion commercial paper program and its remaining \$700 million MTN facility.

ACCOUNTING STANDARD AND DISCLOSURE CHANGE IMPLEMENTED IN 2001

The Canadian Institute of Chartered Accountants ("the CICA") issued an accounting standard, Section 3500 "Earnings per Share" ("EPS"), which was implemented by the Company in the first quarter of 2001 with restatement of the prior period consolidated statements of earnings. Section 3500 requires the presentation of basic and diluted EPS, calculated using the treasury stock method, on the consolidated statements of earnings.

ACCOUNTING STANDARD AND DISCLOSURE CHANGES TO BE IMPLEMENTED IN 2002

The CICA issued 2 accounting standards, Section 3870 "Stock-based Compensation and Other Stock-based Payments" and Section 3062 "Goodwill and Intangible Assets", which the Company intends to implement in the first quarter of 2002.

Section 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The Company intends to implement this standard retroactively without restatement of prior periods for employee awards that are a direct award for stock and that specify settlement in cash. The cumulative effect of implementation will be reported in fiscal 2002 as a net decrease to consolidated retained earnings of approximately \$25 million, net of future income tax recoverable of \$23 million and the fair value impact of the equity forward contracts. Going forward, the Company will record an annual charge to the consolidated statements of earnings. Additional disclosures for options granted to employees including disclosure of pro forma net earnings and pro forma EPS, as if the fair value based accounting method was used, are required.

Section 3062 no longer requires the amortization of goodwill, but instead requires that the book value of goodwill be tested annually for impairment. In addition, the amortization of intangible assets is no longer required unless the intangible asset has a limited life, in which case it will be amortized over its limited life. Intangible assets not subject to amortization will be tested annually for impairment. Any permanent impairment in the book



On June 13, 2001, we opened our 80' Maxi store in Rivière-du-Loup. This 47,000 sq. ft. format is the first discount store in the area, offering our customers "the lowest grocery bill".



Thanks to outstanding flavour, quality and convenience of preparation, our diverse selection of President's Choice packaged frozen products hold a special place in our customers' kitchens.

financials

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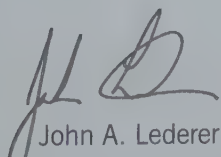
MANAGEMENT'S STATEMENT OF RESPONSIBILITY

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgements and estimates necessary to prepare the consolidated financial statements in accordance with Canadian generally accepted accounting principles. It also includes ensuring that the financial information presented elsewhere in the Annual Report is consistent with the consolidated financial statements.


To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being produced, management maintains a system of internal controls. Internal auditors, who are employees of the Company, review and evaluate internal controls on management's behalf, coordinating this work with the independent auditors. The consolidated financial statements have been audited by the independent auditors, KPMG LLP, whose report follows. Fees paid to KPMG LLP for completion of the 2001 audit of the consolidated financial statements amounted to \$1.4 million; other fees paid to KPMG LLP in 2001 for professional services other than for the audit amounted to \$.3 million.

The Board of Directors, acting through an Audit Committee comprised solely of directors who are not employees of the Company, is responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. It meets regularly with financial management, internal auditors and the independent auditors to discuss internal controls, auditing matters and financial reporting issues. The independent auditors and internal auditors have unrestricted access to the Audit Committee. The Audit Committee reviews the consolidated financial statements and Management's Discussion and Analysis prior to the Board of Directors approving them for inclusion in the Annual Report.


Toronto, Canada March 4, 2002



John A. Lederer
President



Donald G. Reid
Executive Vice President



Stephen A. Smith
Senior Vice President, Controller

AUDITORS' REPORT

To the Shareholders of Loblaw Companies Limited:

We have audited the consolidated balance sheets of Loblaw Companies Limited as at December 29, 2001 and December 30, 2000 and the consolidated statements of earnings, retained earnings and cash flow for the 52 week periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 29, 2001 and December 30, 2000 and the results of its operations and its cash flow for the periods then ended in accordance with Canadian generally accepted accounting principles.



KPMG LLP

Chartered Accountants Toronto, Canada March 4, 2002

Consolidated Statements of Earnings

52 Weeks Ended December 29, 2001 (\$ millions)

	2001	2000
SALES	\$ 21,486	\$ 20,121
OPERATING EXPENSES		
Cost of sales, selling and administrative expenses	20,035	18,862
Depreciation	315	283
	<u>20,350</u>	<u>19,145</u>
OPERATING INCOME	1,136	976
Interest Expense (Income)		
Short term	(50)	(29)
Long term	208	172
	<u>158</u>	<u>143</u>
EARNINGS BEFORE INCOME TAXES	978	833
Income Taxes (note 6)		
Provision	373	321
Other	(1)	(4)
	<u>372</u>	<u>317</u>
EARNINGS BEFORE GOODWILL CHARGES	606	516
Goodwill Charges, net of tax of \$1 (2000 – \$1)	43	43
NET EARNINGS FOR THE PERIOD	\$ 563	\$ 473
NET EARNINGS PER COMMON SHARE (\$)		
Basic	\$ 2.04	\$ 1.71
Diluted (note 2)	\$ 2.03	\$ 1.70
Basic before goodwill charges	\$ 2.20	\$ 1.87

Consolidated Statements of Retained Earnings

52 Weeks Ended December 29, 2001 (\$ millions)

	2001	2000
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 1,930	\$ 1,721
Impact of adopting new accounting standards (note 1)		(152)
Net earnings for the period	563	473
Premium on common shares purchased for cancellation (note 10)	(1)	(12)
Net stock option plan cash payments, net of tax (note 10)	(7)	(3)
Dividends declared per common share – 40¢ (2000 – 35¢)	(110)	(97)
RETAINED EARNINGS, END OF PERIOD	\$ 2,375	\$ 1,930

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

As at December 29, 2001 (\$ millions)	2001	2000
ASSETS		
Current Assets		
Cash and cash equivalents (note 3)	\$ 575	\$ 686
Short term investments (note 3)	426	364
Accounts receivable (notes 4 and 5)	472	381
Inventories	1,512	1,310
Current future income taxes (note 6)	73	114
Prepaid expenses and other assets	28	61
	<u>3,086</u>	<u>2,916</u>
Fixed Assets (note 8)	4,931	4,174
Goodwill	1,599	1,641
Franchise Investments and Other Receivables	285	189
Future Income Taxes (note 6)	26	42
Other Assets	81	63
	<u>\$ 10,008</u>	<u>\$ 9,025</u>
LIABILITIES		
Current Liabilities		
Bank indebtedness	\$ 95	\$ 203
Commercial paper	191	427
Accounts payable and accrued liabilities	2,291	2,240
Current income taxes	138	78
Long term debt due within one year (note 9)	81	259
	<u>2,796</u>	<u>3,207</u>
Long Term Debt (note 9)	3,333	2,377
Future Income Taxes (note 6)	49	78
Other Liabilities	261	239
	<u>6,439</u>	<u>5,901</u>
SHAREHOLDERS' EQUITY		
Common Share Capital (note 10)	1,194	1,194
Retained Earnings	2,375	1,930
	<u>3,569</u>	<u>3,124</u>
	<u>\$ 10,008</u>	<u>\$ 9,025</u>

See accompanying notes to the consolidated financial statements.

Approved by the Board


W. Galen Weston
Director

T. Iain Ronald
Director

Consolidated Cash Flow Statements

52 Weeks Ended December 29, 2001 (\$ millions)	2001	2000
OPERATIONS		
Net earnings	\$ 563	\$ 473
Depreciation and amortization	359	327
Future income taxes	44	49
Other	4	13
	970	862
Changes in non-cash working capital	(95)	(16)
Cash Flows from Operating Activities before the following:	875	846
Acquisition restructuring and other charges, including income tax recoveries	(50)	(61)
CASH FLOWS FROM OPERATING ACTIVITIES	825	785
INVESTMENT		
Fixed asset purchases	(1,108)	(943)
Short term investments	(62)	(119)
Proceeds from fixed asset sales	44	16
Change in franchise investments, other receivables and credit card receivables	(128)	(10)
Net change in other items	(27)	3
CASH FLOWS USED IN INVESTING ACTIVITIES	(1,281)	(1,053)
FINANCING		
Commercial paper	(236)	(1)
Long term debt (note 9)		
– Issued	1,040	760
– Retired	(252)	(113)
Common share capital (note 10)		
– Issued		12
– Retired	(1)	(13)
Dividends	(110)	(69)
Other	12	(10)
CASH FLOWS FROM FINANCING ACTIVITIES	453	566
Change in Cash	(3)	298
Cash, Beginning of Period	483	185
CASH, END OF PERIOD	\$ 480	\$ 483

Supplementary Schedules to Consolidated Cash Flow Statements

52 Weeks Ended December 29, 2001 (\$ millions)	2001	2000
CASH POSITION		
Cash	\$ 480	\$ 483
Short term investments	426	364
Commercial paper	(191)	(427)
Cash position	\$ 715	\$ 420
OTHER CASH FLOW INFORMATION		
Net interest paid	\$ 191	\$ 161
Net income taxes paid	\$ 277	\$ 192

Cash is defined as cash and cash equivalents net of bank indebtedness.
See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

52 Weeks Ended December 29, 2001 (\$ millions except where otherwise indicated)

Note 1. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

BASIS OF CONSOLIDATION The consolidated financial statements include the accounts of Loblaw Companies Limited and its subsidiaries ("the Company"). The Company's effective interest in the voting equity share capital of its subsidiaries is 100%.

REVENUE RECOGNITION Sales include revenues from customers through corporate stores operated by the Company and sales to and service fees from franchised stores, associated stores and independent accounts, but exclude inter-company sales. The Company recognizes revenue at the time the sale is made to its customer.

NET EARNINGS PER SHARE ("EPS") Effective December 31, 2000, the Company adopted the new standard issued by the Canadian Institute of Chartered Accountants ("the CICA") on EPS. The standard was applied retroactively with restatement of the prior period consolidated financial statements. The new standard requires the presentation of basic and diluted EPS on the consolidated statements of earnings regardless of the materiality of the difference between them, calculated using the treasury stock method.

Basic EPS is calculated using the weighted average number of shares outstanding during the period.

CASH OFFSETTING Cash balances which the Company has the ability and intent to offset are used to reduce reported bank indebtedness.

CASH EQUIVALENTS Cash equivalents are highly liquid investments with a maturity of less than 90 days.

CREDIT CARD ACCOUNTING POLICIES

(I) **CREDIT CARD RECEIVABLES** Credit card receivables are stated net of an allowance for credit losses.

Interest charges to customers, included in the Company's operating income, is recorded on an accrual basis. A credit card receivable is classified as impaired when, in management's opinion, there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest. Credit card receivables where interest or principal is contractually past due 90 days are automatically recognized as impaired. Any credit card receivable that has a payment that is contractually 180 days in arrears is written off.

(II) **ALLOWANCE FOR CREDIT LOSSES** The Company through President's Choice Bank ("the Bank"), a wholly owned subsidiary of the Company, maintains an allowance for credit losses which, in management's opinion, is considered adequate to absorb all credit-related losses in its portfolio of both on- and off-balance sheet items. The allowance for credit losses is deducted from the related asset category.

General provisions are established to absorb probable credit losses on the aggregate exposures. The general allowance is based upon analysis of past performance, the level of allowance already in place and management's judgement.

The amount of allowance for credit losses that is charged to the consolidated statements of earnings is the net credit loss experience for the period.

(III) **SECURITIZATION** When the Bank sells credit card receivables in a securitization transaction, it retains servicing rights and a cash reserve account, which represents a portion of the retained interest in the securitized receivables. Any gain or loss on the sale of these receivables depends in part on the previous carrying amount of receivables involved in the transfer, allocated between the assets sold and the retained interest based on the relative fair value at the date of transfer. The fair market values are determined using financial models. Any gain or loss on a sale is recognized at the time of the securitization.

INVENTORIES Retail store inventories are stated at the lower of cost and net realizable value less normal profit margin. Wholesale inventories are stated at the lower of cost and net realizable value. Cost is determined substantially using the first-in, first-out method.

FIXED ASSETS Fixed assets are stated at cost including capitalized interest. Depreciation is recorded principally on a straight-line basis to amortize the cost of these assets over their estimated useful lives. Estimated useful lives range from 20 to 40 years for buildings and from 3 to 10 years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and the term of the lease.

GOODWILL Goodwill represents the excess of the purchase price of the business acquired over the fair value of the underlying net tangible assets acquired at the date of acquisition. Goodwill is amortized on a straight-line basis over the estimated life of the benefit determined for each acquisition. The weighted average remaining amortization period is 37 years. Any permanent impairment in value, based on projected cash flows, is written off against net earnings.

TRANSLATION OF FOREIGN CURRENCIES Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at each period end date. The resulting exchange gains or losses are included in the current period's net earnings. Revenues and expenses denominated in foreign currencies are translated at the average exchange rates for the period.

FINANCIAL DERIVATIVES The Company uses interest rate derivatives, currency derivatives and equity forward contracts to manage its exposure to fluctuations in interest rates, exchange rates and the market price of its common shares. The realized gains and losses arising from interest rate derivatives is included in interest expense. Unrealized gains or losses on currency derivatives are offset by unrealized gains or losses on the Company's foreign currency net assets. The net unrealized currency difference is recorded in the consolidated statements of earnings. The unrealized gains or losses on equity forward contracts for anticipated transactions are deferred.

INCOME TAXES Effective January 2, 2000, the Company adopted the new standard issued by the CICA on accounting for income taxes. The standard was applied retroactively without restatement of the prior period consolidated financial statements. The cumulative effect of adoption was a decrease in retained earnings of \$22. The new income tax accounting standard replaced the concept of deferred income taxes with the asset and liability method of tax allocation. Under the asset and liability method, future income taxes are recognized for temporary differences between the tax and accounting bases of the Company's assets and liabilities based on income tax rates and laws that are expected to apply in the periods in which the differences are expected to be realized.

PENSION, POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS Effective January 2, 2000, the Company adopted the new standard issued by the CICA on accounting for employee future benefits. The standard was applied retroactively without restatement of the prior period consolidated financial statements. The cumulative effect of adoption was a decrease in retained earnings of \$130 (net of future income tax of \$100). Under the new standard, the cost of the Company's defined benefit pension plans, post-retirement health and life insurance and other post-employment benefits is accrued as earned, based on actuarial valuations. Market values are used to value pension fund assets. Past service costs from plan amendments and the excess net actuarial gain or loss over 10% of the greater of the accrued benefit plan obligation and the market value of the plan assets are amortized on a straight-line basis over the average remaining service period of the active employees. Employee future benefits are measured using market interest rates on high quality debt instruments. The cost of pension benefits for defined contribution plans are expensed as contributions are paid. Multi-employer defined benefit pension plans are accounted for as defined contribution plans.

STOCK OPTION PLAN The Company has a stock option plan as described in Note 10. Consideration paid by employees on the exercise of a stock option is credited to common share capital. For those employees electing to receive the cash differential, the excess of the market price of the common shares at the date of exercise over the specified stock option price, net of the related taxes, is charged to retained earnings.

USE OF ESTIMATES AND ASSUMPTIONS The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future.

Note 2. Diluted Net Earnings per Common Share

	2001			2000		
	Net Earnings	Weighted Avg. Number of Shares (millions)	Per Share Amount (\$)	Net Earnings	Weighted Avg. Number of Shares (millions)	Per Share Amount (\$)
Basic net earnings per share	\$ 563	276.2	\$ 2.04	\$ 473	276.0	\$ 1.71
Dilutive effect of stock options		1.9	(.01)		1.6	(.01)
Diluted net earnings per share	\$ 563	278.1	\$ 2.03	\$ 473	277.6	\$ 1.70

Note 3. Cash, Cash Equivalents and Short Term Investments

Cash, cash equivalents, short term investments, bank indebtedness and the Company's commercial paper program form an integral part of the Company's cash management.

At period end, the Company had \$993 (2000 – \$1,037) in cash, cash equivalents and short term investments held by Glenhuron Bank Limited ("Glenhuron"), a wholly owned subsidiary of the Company in Barbados. Short term investments are carried at the lower of cost or quoted market value and consist primarily of United States government securities, commercial paper, bank deposits and repurchase agreements. The income from these investments of \$50 (2000 – \$55) has been included as a reduction of short term interest expense.

Note 4. Credit Card Receivables

Details of credit card receivables included in accounts receivable are as follows:

	2001
Credit card receivables	\$ 166
Amount securitized	(112)
Net credit card receivables	\$ 54

Note 5. Securitization

During 2001, the Company received net cash flows of \$111 (plus \$1 in retained interest) relating to the securitization of credit card receivables, yielding a minimal gain, inclusive of a \$3 servicing liability, on the initial sale. The following table shows the key economic assumptions used in measuring the securitization gain:

	2001
Payment rate (monthly)	50%
Expected credit losses (annual)	3.5%
Discounted residual cash flows (annual)	18%

Note 6. Income Taxes

The Company's effective income tax rate in the consolidated statements of earnings is at a rate less than the combined basic Canadian federal and provincial income tax rate for the following reasons:

	2001	2000
Combined basic Canadian federal and provincial income tax rate	41.2%	42.5%
Net decrease resulting from:		
Operating in countries with lower effective income tax rates	(3.0)	(3.4)
Non-taxable amounts including capital gains/losses	(.2)	(.5)
Substantially enacted changes in income tax rates	(.1)	(.5)
Effective income tax rate before goodwill charges	37.9	38.1
Non-deductible goodwill charges	1.8	2.0
Effective income tax rate	39.7%	40.1%

The cumulative effects of changes in Canadian federal or provincial income tax rates on future income tax assets or liabilities are included in the consolidated financial statements at the time of substantial enactment. In 2001, the effect of the reduction in the Ontario provincial income tax rate of 1.5% in each of 2002, 2003, 2004 and 2005 was reported as a \$1 reduction to future income tax expense. In 2000, the effects of the reduction in the Canadian federal income tax rate of 1% in 2001 and 2% in each of 2002, 2003 and 2004 and the reductions in capital gains/losses inclusion rates from three-quarters to two-thirds for all capital gains/losses realized after February 27, 2000 and to one-half for all capital gains/losses realized after October 18, 2000, as well as the changes in the Ontario and Alberta provincial budgets, were reported as a \$4 reduction to future income tax expense.

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets and future income tax liabilities are presented below:

	2001	2000
Future Income Tax Assets		
Accounts payable and accrued liabilities	\$ 69	\$ 105
Long term debt (including amounts due within one year)	14	20
Other liabilities	51	28
Losses carried forward (expiring 2008)	20	10
Other		3
	<u>\$ 154</u>	<u>\$ 166</u>
Future Income Tax Liabilities		
Fixed assets	\$ 97	\$ 76
Other	7	12
	<u>\$ 104</u>	<u>\$ 88</u>

Note 7. Pension, Post-Retirement and Post-Employment Benefits

The Company has a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits to most of its employees. The Company also participates in a multi-employer defined benefit plan providing pension benefits.

Information about the Company's defined benefit plans other than the multi-employer defined benefit plan, in aggregate, is as follows:

	2001		2000	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
Benefit Plan Assets				
Fair value, beginning of period	\$ 834	\$ 13	\$ 732	\$ 12
Actual return on plan assets	(95)	1	170	1
Employer contributions	6	10	8	8
Employees' contributions	2		2	
Benefits paid	(51)	(8)	(49)	(8)
Settlement gain	(3)		(27)	
Other	(3)		(2)	
Fair value, end of period	\$ 690	\$ 16	\$ 834	\$ 13
Accrued Benefit Plan Obligations				
Balance, beginning of period	\$ 690	\$ 99	\$ 741	\$ 101
Current service cost	21	5	23	6
Interest cost	48	7	49	6
Benefits paid	(51)	(8)	(49)	(8)
Actuarial gains	(18)		(45)	(6)
Plan amendments	5			
Settlement gain	(3)		(29)	
Balance, end of period	\$ 692	\$ 103	\$ 690	\$ 99
Funded Status				
Net benefit plan (deficit) surplus	\$ (2)	\$ (87)	\$ 144	\$ (86)
Unamortized past service costs	4			
Unamortized net actuarial gains	(11)	(5)	(159)	(6)
Net accrued benefit plan liability	\$ (9)	\$ (92)	\$ (15)	\$ (92)
Net Benefit Plan Expense				
Current service cost	\$ 19	\$ 5	\$ 21	\$ 6
Interest cost	48	7	49	6
Expected return on plan assets	(65)	(1)	(55)	(1)
Amortization of net actuarial gains	(6)	(1)		
Settlement gain			(2)	
Net benefit plan (income) expense	\$ (4)	\$ 10	\$ 13	\$ 11

At period end, the net aggregate accrued benefit plan obligations for those pension benefit plans in which the accrued benefit plan obligations exceeded the fair value of benefit plan assets was \$54 (2000 – \$36). There were no plan assets in the non-registered pension plans. All the Company's post-retirement benefit plans, other than pensions and long term disability benefits, also had no plan assets and at period end 2001, had a net aggregate benefit plan deficit of \$87 (2000 – \$86).

The significant actuarial weighted average assumptions used to determine the Company's accrued benefit plan obligations were as follows:

	2001		2000	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
Discount rate	7.5%	7.5%	7%	7%
Rate of compensation increase	3.5%		3%	
Growth rate of health care costs	4.5%		4%	

The expected long term rates of return on plan assets for pension benefit plans and other benefit plans used in calculating the Company's net benefit plan expense were 8% and 7%, respectively (2000 – 8% and 6.75%).

The accrued benefit plan obligations and the fair values of the benefit plan assets were determined using a September 30 measurement date.

The total net expense for the Company's benefit plans is summarized as follows:

	2001		2000	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
Net defined benefit plan (income) expense	\$ (4)	\$ 10	\$ 13	\$ 11
Defined contribution plan expense	5		5	
Multi-employer plan expense	30		25	
	<u>\$ 31</u>	<u>\$ 10</u>	<u>\$ 43</u>	<u>\$ 11</u>

Note 8. Fixed Assets

	2001			2000		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Properties held for development	\$ 248		\$ 248	\$ 217		\$ 217
Properties under development	206		206	192		192
Land	1,067		1,067	923		923
Buildings	2,576	\$ 476	2,100	2,084	\$ 428	1,656
Equipment and fixtures	2,153	1,221	932	1,866	1,032	834
Leasehold improvements	565	205	360	507	177	330
	<u>6,815</u>	<u>1,902</u>	<u>4,913</u>	<u>5,789</u>	<u>1,637</u>	<u>4,152</u>
Capital leases – buildings and equipment	83	65	18	82	60	22
	<u>\$ 6,898</u>	<u>\$ 1,967</u>	<u>\$ 4,931</u>	<u>\$ 5,871</u>	<u>\$ 1,697</u>	<u>\$ 4,174</u>

Interest capitalized to fixed assets during the year was \$27 (2000 – \$20).

Note 9. Long Term Debt

	2001	2000
Loblaw Companies Limited Debentures		
Series 5, 10%, due 2006, retractable annually commencing 1996, redeemed in 2001		\$ 50
Series 8, 10%, due 2007, redeemable in 2002	\$ 61	61
Provigo Inc. Debentures		
Series 1991, 11.25%, due 2001		100
Series 1997, 6.35%, due 2004	100	100
Series 1996, 8.70%, due 2006	125	125
Other	17	22
Loblaw Companies Limited Notes		
7.34%, due 2001		100
6.20%, BA Range Note, due 2002	10	10
6.60%, due 2003	100	100
6.95%, due 2005	200	200
6.00%, due 2008	390	
5.75%, due 2009	125	125
7.10%, due 2010	300	300
6.50%, due 2011	350	
6.00%, due 2014	100	100
7.10%, due 2016	300	
6.65%, due 2027	100	100
6.45%, due 2028	200	200
6.50%, due 2029	175	175
11.40%, due 2031		
– principal	151	151
– effect of coupon repurchase	1	6
8.75%, due 2033	200	200
6.45%, due 2039	200	200
7.00%, due 2040	150	150
Other at a weighted average interest rate of 10.49%, due 2002 to 2040	59	61
Total long term debt	3,414	2,636
Less amount due within one year	81	259
	\$ 3,333	\$ 2,377

The 5 year schedule of repayment of long term debt based on maturity is as follows: 2002 – \$81; 2003 – \$106; 2004 – \$106; 2005 – \$215; 2006 – \$129.

LOBLAW COMPANIES LIMITED DEBENTURES AND NOTES During 2001, the Company redeemed its Series 5, \$50 10% Debentures in accordance with their terms.

Subsequent to period end 2001, the Company announced its intention to redeem, in 2002, the Series 8, \$61 10% Debentures due 2007 and issued \$200 of Notes with an interest rate of 6.85% due 2032.

PROVIGO INC. DEBENTURES – OTHER The \$17 (2000 – \$22) represents the unamortized portion of the adjustment to fair value the Provigo Debentures. This adjustment was recorded as part of the Provigo purchase equation and was calculated using the Company's average credit spread applicable to the remaining life of the Provigo Debentures. The adjustment is being amortized over the remaining term of the Provigo Debentures.

Note 10. Common Share Capital (\$)

	2001	2000
Common share capital (\$ millions)	\$ 1,194	\$ 1,194
Common shares issued and outstanding, authorized – unlimited (number of shares)	276,252,714	276,245,314
Weighted average common shares outstanding (number of shares)	276,247,689	276,003,195

STOCK OPTION PLAN The Company maintains a stock option plan for certain employees. Under the plan, the Company may grant options for up to 20,400,000 common shares. Stock options have up to a 7 year term, are exercisable at the designated common share price and vest 20% cumulatively on each anniversary date of the grant after the first anniversary. Each stock option is exercisable into 1 common share of the Company at the price specified in the terms of the option or option holders may elect to receive in cash the share appreciation value equal to the excess of the market price at the date of exercise over the specified option price.

In 2001, the Company issued 20,000 common shares (2000 – 1,610,949) for cash consideration of \$.4 million (2000 – \$12 million) on the exercise of stock options and paid the share appreciation value of \$8 million, net of tax of \$6 million (2000 – \$7 million, net of tax of \$5 million), on 513,970 stock options (2000 – 450,893).

A summary of the status of the Company's stock option plan and activity is presented below:

	2001		2000	
	Options (number of shares)	Weighted Avg. Exercise Price/Share	Options (number of shares)	Weighted Avg. Exercise Price/Share
Outstanding options, beginning of period	5,033,280	\$ 28.676	3,798,072	\$ 15.243
Granted	386,190	\$ 48.664	3,484,200	\$ 32.102
Exercised	(533,970)	\$ 24.699	(2,061,842)	\$ 9.941
Forfeited/Cancelled	(52,600)	\$ 31.653	(187,150)	\$ 26.235
Outstanding options, end of period	4,832,900	\$ 30.680	5,033,280	\$ 28.676
Options exercisable, end of period	1,083,424	\$ 25.541	517,190	\$ 19.893

	2001 Outstanding Stock Options			2001 Exercisable Stock Options	
Range of Exercise Prices	Number of Options Outstanding	Weighted Avg. Remaining Contractual Life (years)	Weighted Avg. Exercise Price/Share	Number of Exercisable Options	Weighted Avg. Exercise Price/Share
\$ 14.250 – \$ 24.500	1,153,744	3	\$ 20.158	542,886	\$ 18.681
\$ 32.000 – \$ 49.050	3,679,156	5	\$ 33.980	540,538	\$ 32.429

NORMAL COURSE ISSUER BIDS ("NCIB") During 2001, the Company purchased for cancellation 12,600 (2000 – 276,000) of its common shares for \$1 million (2000 – \$13 million) pursuant to its NCIB. In addition, the Company intends to renew its NCIB to purchase on The Toronto Stock Exchange or enter into equity forward contracts to purchase up to 5% of its common shares outstanding. The Company, in accordance with the rules and by-laws of The Toronto Stock Exchange, may purchase its shares at the then market prices of such shares.

Note 11. Financial Instruments

CURRENCY DERIVATIVES The Company has entered into currency derivative agreements to exchange an amount of \$1,021 (2000 – \$915) Canadian dollar debt for United States dollar debt. The derivatives are a hedge against exchange rate fluctuations on the Company's United States dollar denominated net assets, principally cash equivalents and short term investments. The derivatives mature as follows: 2002 – \$90; 2003 – \$49; 2004 – \$344; 2005 – \$64; thereafter to 2016 – \$474. Currency adjustments receivable or payable arising from these derivatives may be settled in cash on maturity or the term may be extended. At period end, an unrealized currency adjustment of \$96 (2000 – \$57) was included in other liabilities and the consolidated statements of earnings.

INTEREST RATE DERIVATIVES The Company has entered into interest rate derivative agreements converting a net notional \$883 (2000 – \$693) of 6.88% (2000 – 6.95%) fixed rate debt into floating rate debt. The net maturities are as follows: 2002 – \$16; 2003 – \$188; 2004 – \$281; 2005 – \$161; thereafter to 2013 – \$237.

EQUITY FORWARD CONTRACTS (\$) The Company has entered into equity forward contracts to manage its exposure to fluctuations in the market price of its common shares. At period end, the Company had entered into equity forward contracts based on 3,300,000 (2000 – 2,750,200) of its common shares at an average forward price of \$42.70 (2000 – \$38.66) per share. The method of settlement, cash or common shares, is at the discretion of the Company.

COUNTERPARTY RISK Changes in the underlying exchange rates, interest rates and market value of the Company's common shares related to the Company's financial instruments will result in market gains and losses. Furthermore, the Company may be exposed to losses should any counterparty to its derivative contracts fail to fulfill its obligations. The Company has sought to minimize potential counterparty losses by transacting with counterparties that have a minimum A rating and placing risk adjusted limits on its exposure to any single counterparty. The Company has implemented internal policies, controls and reporting processes permitting ongoing assessment and corrective action respecting its derivative activity. In addition, principal amounts on currency derivatives and equity forward contracts are netted by agreement and there is no exposure to loss of the notional principal amounts on the interest rate derivatives and equity forward contracts.

FAIR VALUE OF FINANCIAL INSTRUMENTS The fair value of a financial instrument is the estimated amount that the Company would receive or pay to terminate the contract at the reporting date. The following methods and assumptions were used to estimate the fair value of each type of financial instrument by reference to various market value data and other valuation techniques as appropriate.

The fair values of cash, cash equivalents, short term investments, accounts receivable, bank indebtedness, commercial paper, accounts payable and accrued liabilities approximated their carrying values given their short term maturities.

The fair values of long term debt issues were estimated based on the discounted cash payments of the debt at the Company's estimated incremental borrowing rates for debt of the same remaining maturities.

The fair values of interest rate derivatives were estimated by discounting cash payments of the derivatives at market rates for derivatives of the same remaining maturities.

The fair values of equity forward contracts were estimated by multiplying the total outstanding contracts to purchase the Company's common shares by the difference between the market price of its common shares and the average forward price of the outstanding contracts at period end.

	2001		2000	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long term debt liability	\$ 3,414	\$ 3,550	\$ 2,636	\$ 2,678
Interest rate derivatives net asset		\$ 48		\$ 14
Equity forward contracts net asset		\$ 30		\$ 33

Note 12. Other Information

SEGMENTED INFORMATION The Company's only reportable operating segment is food distribution. All sales to external parties were generated in Canada and all fixed assets and goodwill were attributable to Canadian operations.

CONTINGENT LIABILITIES AND COMMITMENTS The Company and its subsidiaries are involved in and potentially subject to various claims and litigation arising out of the ordinary course and conduct of their business including product liability, labour and employment, environmental and tax. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such litigation to be material to these consolidated financial statements.

Commitments for net operating lease payments total \$960 (\$1,192 less \$232 of expected sub-lease income). Net payments for each of the next 5 years and thereafter are as follows: 2002 – \$119 (net of \$45 of expected sub-lease income); 2003 – \$109 (net of \$39 of expected sub-lease income); 2004 – \$103 (net of \$34 of expected sub-lease income); 2005 – \$89 (net of \$31 of expected sub-lease income); 2006 – \$77 (net of \$27 of expected sub-lease income); thereafter to 2051 – \$463 (net of \$56 of expected sub-lease income).

Gross rentals under leases assigned to others for which the Company is contingently liable amount to \$230.

In connection with the purchase of Provigo, the Company has committed to support Quebec small business and farming communities as follows: for a period of 7 years commencing 1999 and, subject to business dispositions, the aggregate amount of goods and services purchased from Quebec suppliers in the ordinary course of business will not fall below those of 1998. The Company fulfilled its commitment in 2001.

RELATED PARTY TRANSACTIONS The Company's majority shareholder, George Weston Limited, its subsidiaries and its affiliates are related parties. It is the Company's policy to conduct all transactions and settle balances with related parties on normal trade terms. Total purchases from related companies represented about 3% of the cost of sales, selling and administrative expenses.

Pursuant to an investment management agreement, the Company, through Glenhuron, manages certain United States cash, cash equivalents and short term investments on behalf of wholly owned non-Canadian subsidiaries of George Weston Limited. Management fees were based on market rates and were included in interest expense.

At period end 2000, the Company had a net loan payable to the Company's majority shareholder, George Weston Limited, of \$61 included in bank indebtedness. The interest expense was based on market interest rates and was included in short term interest expense.

Eleven Year Summary (1)

(\$ millions)	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
SALES AND EARNINGS											
Sales	21,486	20,121	18,783	12,497	11,008	9,848	9,854	10,000	9,356	9,262	8,533
Trading profit (EBITDA)	1,451	1,259	1,077	712	573	481	449	410	326	313	328
Operating income	1,136	976	811	529	428	361	322	274	203	197	223
Interest expense	158	143	112	68	44	46	54	63	54	62	63
Net earnings	563	473	376	261	213	174	147	126	90	76	99
FINANCIAL POSITION											
Working capital	290	(291)	(397)	(707)	202	154	179	29	148	145	262
Fixed assets	4,931	4,174	3,549	3,194	2,093	1,738	1,491	1,603	1,414	1,231	1,115
Goodwill	1,599	1,641	1,685	1,363	38	40	42	44	49	52	54
Total assets	10,008	9,025	7,979	7,105	4,013	3,531	3,197	3,042	2,743	2,504	2,362
Total debt	2,699	2,216	1,999	1,842	513	435	287	525	506	426	397
Shareholders' equity	3,569	3,124	2,904	2,595	1,495	1,311	1,160	1,105	985	916	884
CASH FLOW											
Cash flows from operating activities before acquisition restructuring and other charges	875	846	791	530	426	262	270	328	279	269	215
Capital investment	1,108	943	802	599	517	389	302	339	315	198	159

(1) Financial terms and ratios are defined as follows:

Trading profit (EBITDA) – operating income before depreciation.

Working capital – current assets less current liabilities.

Total debt – bank indebtedness, commercial paper, long term debt due within one year, long term debt and debt equivalents less cash, cash equivalents and short term investments.

Dividend rate per common share (period end) – 4th quarter common dividends declared multiplied by 4.

Cash flows from operating activities before acquisition restructuring and other charges per common share – cash flows from operating activities before acquisition restructuring and other charges less preferred dividends paid divided by the weighted average common shares outstanding at period end.

Capital investment per common share – capital investment divided by the weighted average common shares outstanding at period end.

Book value per common share – shareholders' equity divided by the common shares outstanding at period end.

Trading profit (EBITDA) return on sales – trading profit (EBITDA) divided by sales.

Operating income return on sales – operating income divided by sales.

Net earnings return on sales – net earnings divided by sales.

Return on average total assets – operating income divided by average total assets excluding cash, cash equivalents and short term investments.

Return on average common shareholders' equity – net earnings before extraordinary items less preferred dividends divided by average common share capital, retained earnings, foreign currency translation adjustment and the applicable portion of contributed surplus.

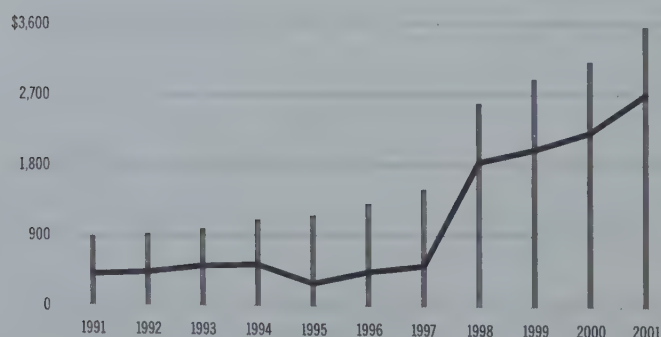
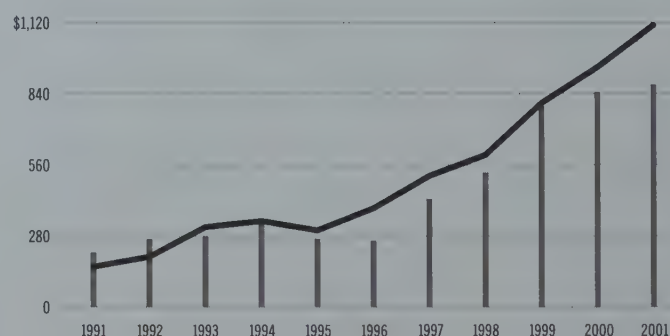
Interest coverage on total debt – operating income divided by interest expense.

Total debt to shareholders' equity – total debt divided by shareholders' equity.

Cash flows from operating activities before acquisition restructuring and other charges to total debt – cash flows from operating activities before acquisition restructuring and other charges divided by total debt.

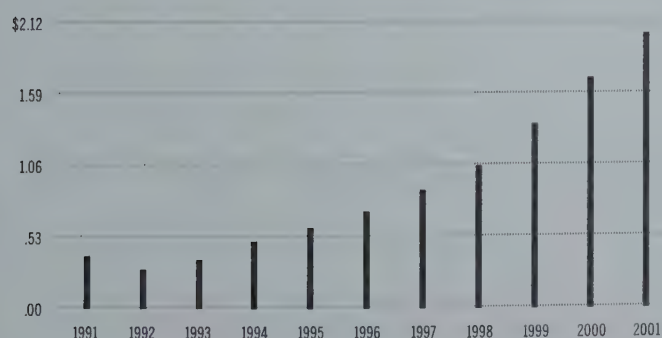
Price/net earnings ratio (period end) – market value per common share divided by basic net earnings per common share.

Market/book ratio (period end) – market value per common share divided by book value per common share.

Capital Structure
(\$ millions)Shareholders' Equity
Total DebtCash Flows from Operating Activities and Capital Investment
(\$ millions)Cash Flows from Operating Activities before Acquisition Restructuring and Other Charges
Capital Investment

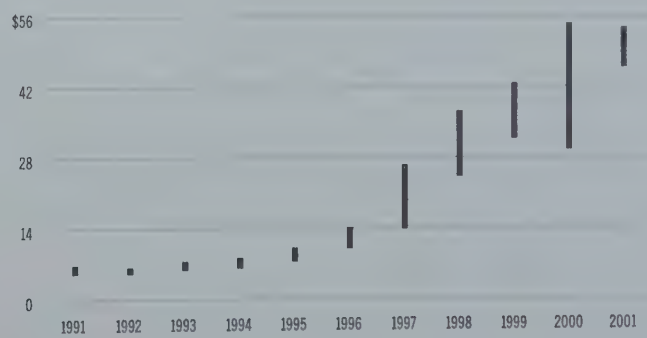
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
PER COMMON SHARE (\$)											
Basic net earnings	2.04	1.71	1.37	1.06	.88	.72	.60	.50	.36	.29	.39
Basic net earnings before goodwill charges	2.20	1.87	1.52	1.06	.88	.73	.61	.50	.37	.30	.40
Dividend rate (period end)	.40	.40	.24	.20	.16	.12	.12	.09	.08	.08	.08
Cash flows from operating activities before acquisition restructuring and other charges	3.17	3.07	2.88	2.15	1.76	1.08	1.12	1.35	1.15	1.11	.90
Capital investment	4.01	3.42	2.92	2.43	2.14	1.62	1.25	1.41	1.34	.83	.70
Book value	12.92	11.31	10.56	9.46	6.08	5.35	4.74	4.27	3.79	3.52	3.17
Market value (period end)	51.85	50.50	35.25	37.40	26.00	14.25	10.29	7.96	7.63	6.50	5.75
FINANCIAL RATIOS											
Returns on sales (%)											
Trading profit (EBITDA)	6.8	6.3	5.7	5.7	5.2	4.9	4.6	4.1	3.5	3.4	3.8
Operating income	5.3	4.9	4.3	4.2	3.9	3.7	3.3	2.7	2.2	2.1	2.6
Net earnings	2.6	2.4	2.0	2.1	1.9	1.8	1.5	1.3	1.0	.8	1.2
Return on average total assets (%)	13.4	12.8	11.9	10.9	14.2	13.6	12.3	10.6	8.6	9.0	10.5
Return on average common shareholders' equity (%)	16.8	15.7	13.7	12.8	15.3	14.2	13.4	12.5	9.7	8.8	13.4
Interest coverage on total debt	7.2	6.8	7.2	7.8	9.7	7.9	6.0	4.3	3.7	3.1	3.5
Total debt to shareholders' equity	.76	.71	.69	.71	.34	.33	.25	.48	.51	.46	.45
Cash flows from operating activities before acquisition restructuring and other charges to total debt	.32	.38	.40	.29	.83	.60	.94	.62	.58	.63	.54
Price/net earnings ratio (period end)	25.4	29.5	25.8	35.3	29.6	19.8	17.2	15.9	21.2	22.4	14.7
Market/book ratio (period end)	4.0	4.5	3.3	4.0	4.3	2.7	2.2	1.9	2.0	1.9	1.8

Basic Net Earnings per Common Share (\$)



Basic Net Earnings per Common Share

Common Share Market Value Range (\$)



Market Value per Common Share

Results by Quarter (1)

(\$ millions)	2001	2000
SALES		
1st Quarter	\$ 4,545	\$ 4,287
2nd Quarter	4,985	4,688
3rd Quarter	6,703	6,255
4th Quarter	5,253	4,891
	<u>\$ 21,486</u>	<u>\$ 20,121</u>
TRADING PROFIT (EBITDA)		
1st Quarter	\$ 274	\$ 238
2nd Quarter	309	272
3rd Quarter	393	338
4th Quarter	475	411
	<u>\$ 1,451</u>	<u>\$ 1,259</u>
OPERATING INCOME		
1st Quarter	\$ 204	\$ 175
2nd Quarter	239	208
3rd Quarter	296	250
4th Quarter	397	343
	<u>\$ 1,136</u>	<u>\$ 976</u>
NET EARNINGS		
1st Quarter	\$ 93	\$ 77
2nd Quarter	115	95
3rd Quarter	138	113
4th Quarter	217	188
	<u>\$ 563</u>	<u>\$ 473</u>
BASIC NET EARNINGS PER COMMON SHARE (\$)		
1st Quarter	\$.34	\$.28
2nd Quarter	.41	.34
3rd Quarter	.50	.41
4th Quarter	.79	.68
	<u>\$ 2.04</u>	<u>\$ 1.71</u>
DILUTED NET EARNINGS PER COMMON SHARE (\$)		
1st Quarter	\$.34	\$.28
2nd Quarter	.41	.34
3rd Quarter	.50	.41
4th Quarter	.78	.67
	<u>\$ 2.03</u>	<u>\$ 1.70</u>
BASIC NET EARNINGS BEFORE GOODWILL CHARGES PER COMMON SHARE (\$)		
1st Quarter	\$.38	\$.32
2nd Quarter	.45	.38
3rd Quarter	.55	.46
4th Quarter	.82	.71
	<u>\$ 2.20</u>	<u>\$ 1.87</u>

(1) For financial term definitions refer to page 48.

Community Support

Loblaw Companies Limited endeavours to be an active participant in the various communities which it serves and supports the philanthropic goals of the "IMAGINE" campaign. Acting with its employees, it supports and contributes to local organizations through its various operating divisions, including providing support to the United Way and the Daily Bread Food Bank, sponsoring numerous charitable fundraising activities and initiating work experience programs for the physically and intellectually challenged. The following are some examples of our community involvement in 2001:

CALGARY SPRUCE MEADOWS

Supporting the sport of show jumping in the foothills of the Canadian Rockies.

CAMBRIDGE MEMORIAL HOSPITAL

Supporting the hospital's Endowment for Family and Children's Health.

CANADA BLOOMS HORTICULTURAL SOCIETY

Sponsorship of the Toronto Flower and Garden Show.

CANADIAN PARAPLEGIC ASSOCIATION ONTARIO

Assists individuals with spinal cord injuries and other physical disabilities to achieve independence, self-reliance and full community participation.

CANADIAN SAFE SCHOOL NETWORK

Committed to building public awareness of and reducing youth violence in schools and local communities.

CHILDREN'S AID FOUNDATION

Committed to protecting children from harm and preventing child abuse and neglect.

CHILDREN'S SAFETY VILLAGE

Dedicated to the education and prevention of children's injuries using a fun, hands-on experience with police instructors and firefighters.

CROHN'S AND COLITIS FOUNDATION OF CANADA

Dedicated to finding the cure for inflammatory bowel disease.

EASTER SEALS

Dedicated to helping children, youth and young adults with physical disabilities achieve their full individual potential and future independence.

FOOD BANKS (ACROSS CANADA)

Supporting non-profit organizations that procure, warehouse and distribute food to member social service agencies.

FOOD MARKETING INSTITUTE FOUNDATION

Seeks to ensure continued quality and efficiency in the food system while operating for charitable, educational and scientific purposes.

FOUNDATION OF THE SHERBROOKE UNIVERSITY TEACHING HOSPITAL

Offers highly specialized health care, including the only intensive care unit, neo-natal pediatric unit and cancer centre in Eastern Quebec townships.

LA FONDATION OLO

Helps promote proper eating habits to underprivileged pregnant women by supplying them with essential nutrients and vitamins so that they give birth to healthy babies.

MULTIPLE SCLEROSIS ("MS") BIKE TOUR

Sponsorship of the MS Bike Tour in Manitoba in support of Canadians living with MS, funding efforts to find a cure and to enhance their quality of life.

OLD PORT OF MONTREAL - MONTREAL SCIENCE CENTRE

Helps visitors understand the important role that science, technology and innovation play in our lives.

OPERA HAMILTON

Supporting the enhancement of corporate and community harmony in a culturally creative setting.

THE CHILDREN'S WISH FOUNDATION OF CANADA

Dedicated to fulfilling a favourite wish for children afflicted with high risk, life threatening illnesses.

THE MONTREAL COSMODOME

Offers children classroom instruction and hands-on activities in the Canada Space Camp (Cosmodome).

UNITED WAY (ACROSS CANADA)

Helps promote the organized capacity of people to care for one another.

YMCA (ACROSS CANADA)

A multi-service community centre with a commitment to the development of its members in spirit, mind and body.

The W. Garfield Weston Foundation, a private Canadian foundation associated with the Company, is now directing its funds primarily to education and the environment. The Foundation's major current initiatives are focused in the areas of scholarships, in partnership with the Canadian Merit Scholarship Foundation, and land conservation, through The Nature Conservancy of Canada.

Imagine  A Caring Company

Corporate Directory

Board of Directors

W. GALEN WESTON, O.C., B.A., LL.D.^{2*}

Chairman, Loblaw Companies Limited;
Chairman and Director, George Weston Limited;
Chairman, Holt, Renfrew & Co., Limited,
Brown Thomas Group Limited;
President, The W. Garfield Weston Foundation;
Director, Associated British Foods plc,
Canadian Imperial Bank of Commerce;
Advisory Board, Columbia University.

JOHN M. CASSADAY, M.B.A.^{1,4}

President and Chief Executive Officer,
Corus Entertainment Inc.;
Former President and Chief Executive Officer,
CTV Television Network;
Director, Manulife Financial, Masonite
International Corporation.

CAMILLA H. DALGLISH, B.A.⁴

Director, The W. Garfield Weston Foundation,
The Nature Conservancy of Canada;
Former President, The Civic Garden Centre.

ROBERT J. DART, B. COMM., F.C.A.²

Vice Chairman, Wittington Investments, Limited;
Former Senior Tax Partner, Price Waterhouse Canada;
Former President, Wittington Investments, Limited;
Director, George Weston Limited, Holt, Renfrew
& Co., Limited, Brown Thomas Group Limited,
Canadian Arthritis Network.

ANTHONY S. FELL, O.C., LL.D.^{1,5*}

Chairman, RBC Dominion Securities Limited;
Former Deputy Chairman, Royal Bank of Canada;
Director, Munich Reinsurance Group of
Companies, CAE Inc., BCE Inc.;
Chairman of the Board of Trustees, University
Health Network.

ANNE L. FRASER, B.SC., LL.D.⁴

Education Consultant, University of Victoria;
Associate Governor, Dalhousie University;
Associate, Faculties of Management, Education,
Engineering and Fine Arts, University of Calgary;
Director, George Weston Limited, Crestar Energy,
Neurosciences Canada Foundation, Bamfield
Marine Research Centre, Pier 21 Society.

ANTHONY R. GRAHAM^{2,3,5}

President and Director, Wittington Investments,
Limited; President and Chief Executive Officer,
Sumarria Inc.; Former Vice Chairman and Director,
National Bank Financial;
Chairman and Director, President's Choice Bank;
Director, George Weston Limited, Holt, Renfrew
& Co., Limited, Power Corporation, Power Financial
Corporation, Provigo Inc., Graymont Ltd.

PIERRE MICHAUD^{4*}

Chairman and Director, Provigo Inc.,
Réno-Dépôt Inc.;
Director, Capital d'Amérique, Laurentian Bank
of Canada, Laurentian Trust of Canada Inc.,
Old Port of Montreal Corporation Inc.;
Advisory Board Member, Station Mont-Tremblant.

G. JOSEPH REDDINGTON, B.A., J.D.^{3*}

Chairman, Chief Executive Officer and Director,
Breuners Home Furnishings Corp.;
Former Chairman and Chief Executive Officer,
The Signature Group;
Former President and Chief Executive Officer,
Sears Canada;
Director, Trans World Airlines.

T. IAIN RONALD, M.B.A., B. LAW., F.C.A.^{1*,5}

Chairman, TransAlta Power Ltd.,
TransAlta Cogeneration Ltd.;
Former Vice Chairman,
Canadian Imperial Bank of Commerce;
Director, The Canada Life Assurance Company,
The Canada Life Financial Corporation,
North West Company Inc., President's Choice
Bank, Holt, Renfrew & Co., Limited,
Leon's Furniture Limited, Strongco Inc.

JOSEPH H. WRIGHT, B.A.^{1,3}

Managing Partner, Barnagain Capital;
Former President and Chief Executive Officer,
Swiss Bank Corporation (Canada);
Chairman and Trustee, O&Y REIT;
Director, President's Choice Bank, Sarnia Hydro.

1. Member – Audit Committee
 2. Member – Executive Committee
 3. Member – Governance and Compensation Committee
 4. Member – Environmental, Health and Safety Committee
 5. Member – Pension Committee
- * Chairman of the Committee

Corporate Officers

(includes age and years of service)

W. GALEN WESTON, O.C. (61 and 30 years)
Chairman of the Board

JOHN A. LEDERER (46 and 25 years)
President

DAVID K. BRAGG (53 and 18 years)
Executive Vice President

DAVID R. JEFFS (44 and 23 years)
Executive Vice President

DONALD G. REID (52 and 22 years)
Executive Vice President

ROBERT G. CHENAUX (58 and 26 years)
Senior Vice President,
Corporate Brand Development

ROY R. CONLIFFE (51 and 20 years)
Senior Vice President, Labour Relations

STEWART E. GREEN (57 and 25 years)
Senior Vice President, Secretary

RICHARD P. MAVRINAC (49 and 19 years)
Senior Vice President, Finance

STEPHEN A. SMITH (44 and 16 years)
Senior Vice President, Controller

PETER D. TURCOT (44 and 19 years)
Senior Vice President,
Sourcing and Procurement

ROBERT A. BALCOM (40 and 8 years)
Vice President, General Counsel

J. BRADLEY HOLLAND (38 and 8 years)
Vice President, Taxation

MICHAEL N. KIMBER (46 and 17 years)
Vice President, Legal Counsel

LOUISE M. LACCHIN (44 and 18 years)
Vice President, Treasurer

GLENN D. LEROUX (47 and 15 years)
Vice President, Risk Management

LUCY J. PAGLIONE (42 and 18 years)
Vice President, Pension and Benefits

MARK A. RODRIGUES (44 and 15 years)
Vice President, Internal Audit Services

GEORGE D. SESLIJA (46 and 22 years)
Vice President, Real Estate Development

FRANCA SMITH (38 and 13 years)
Vice President, Financial Control

GEOFFREY H. WILSON (46 and 15 years)
Vice President, Industry and Investor Relations

ANN MARIE YAMAMOTO (41 and 15 years)
Vice President, Systems Audit and
Information Technology

MARIAN M. BURROWS (47 and 23 years)
Assistant Secretary

WALTER H. KRAUS (39 and 13 years)
Director, Environmental Affairs

JOYCE C. LEE (30 and 5 years)
Controller, Financial Reporting

PATRICK MACDONELL (32 and 6 years)
Assistant Treasurer

LAUREL MACKAY-LEE (32 and 2 years)
Controller, Planning and Analysis

IRENE PINHEIRO (34 and 8 years)
Controller

LISA R. SWARTZMAN (31 and 8 years)
Assistant Treasurer

Shareholder Information

Executive Office

22 St. Clair Avenue East
Toronto, Canada
M4T 2S7
Tel: (416) 922-8500
Fax: (416) 922-7791
Internet: www.loblaw.com

Stock Listing

The Toronto Stock Exchange

Share Symbol

"L"

Common Shares

61% of the common shares
are owned beneficially by
George Weston Limited.

Total outstanding at period end:
276,252,714

Available for public trading
at period end:
106,676,063

Average daily trading volume:
250,201

Common Dividend Policy

It is the Company's policy to
maintain a stable dividend payment
equal to approximately 20% to 25%
of the prior period's normalized basic
net earnings per common share.

Common Dividend Dates

Record Date	Payment Date
March 15	April 1
June 15	July 1
Sept. 15	Oct. 1
Dec. 15	Dec. 30

Normal Course Issuer Bid

The Company has a Normal
Course Issuer Bid on The Toronto
Stock Exchange.

Value of Common Shares

December 22, 1971 (valuation day):
\$0.958
February 22, 1994:
\$7.67

Registrar and Transfer Agent

Computershare Trust Company of Canada
100 University Avenue
Toronto, Canada
M5J 2Y1

General Counsel

Borden Ladner Gervais LLP
Toronto, Canada

Auditor

KPMG LLP
Toronto, Canada

Annual General Meeting

Wednesday, May 1, 2002
Metro Toronto Convention Centre
Constitution Hall
Toronto, Canada

Trademarks

Loblaw Companies Limited and
its subsidiaries own a number of
trademarks. Several subsidiaries are
licensees of additional trademarks.
These trademarks are the exclusive
property of Loblaw Companies
Limited or the licensor and where
used in this report are in italics.

Investor Relations

Shareholders, security analysts
and investment professionals should
direct their requests for copies
of the Company's Annual Report
or Annual Information Form to
Mr. Geoffrey H. Wilson, Vice President,
Industry and Investor Relations
at the Company's Executive Office.

Additional financial information has
been filed electronically with various
securities regulators in Canada
through SEDAR and with the Office
of the Superintendent of Financial
Institutions ("OSFI") as the primary
regulator for the Company's
subsidiary, President's Choice Bank.

Ce rapport est disponible en français.

